



Sean Rogan
Executive Director

**HOUSING AUTHORITY
of the County of Los Angeles**

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Commissioners

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

May 06, 2014

The Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

1-H May 6, 2014

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Commissioners:

**APPROVE DISPOSITION OF HOUSING AUTHORITY OWNED PROPERTY AT 11718-11740
WILLOWBROOK AVENUE IN UNINCORPORATED WILLOWBROOK
(DISTRICT 2) (3 VOTE)**

SUBJECT

This letter recommends approval of the disposition of the Housing Authority owned property at 11718-11740 Willowbrook Avenue in unincorporated Willowbrook. The property will be sold to Willowbrook Townhomes Limited Liability Company (LLC). Approval of this action will preserve affordable housing units in Los Angeles County that are currently at risk due to expiration of an affordability covenant.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve and authorize the Executive Director, or his designee, to execute a purchase and sale agreement and all necessary documents related to the disposition of the Housing Authority owned property at 11718-11740 Willowbrook Avenue (Site) to Willowbrook Townhomes LLC, following approval as to form by County Counsel.
2. Authorize the Executive Director, or his designee, to sell the Site to Willowbrook Townhomes LLC for its current fair market value of \$1,165,000 as determined by an independent appraiser.
3. Find that the sale of the Site is exempt from the provisions of the California Environmental Quality Act (CEQA) for the reasons stated in this letter and the record of the project.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On June 29, 1990, the Housing Authority purchased the Willowbrook Townhomes at 11718-11740 Willowbrook Avenue in unincorporated Willowbrook from the State of California Department of Transportation. The Willowbrook Townhomes consist of eight attached townhomes of which seven units have three bedrooms and one unit has two bedrooms.

The Site was developed utilizing financing provided by the State of California Housing and Community Development Department. The Housing Authority entered into a Regulatory Agreement which called for all of the units to be rented to low-income households for an affordability period of 20 years. The Regulatory Agreement expired on June 1, 2010 and has been officially terminated.

Although the Regulatory Agreement has been terminated, the Housing Authority has continued to rent the units to low-income households. The Housing Authority remains committed to ensuring continued affordability for all residents at the Site. However, the Site is in need of rehabilitation and does not generate sufficient income to address capital needs. Given the condition of the Site, a number of vacancies exist. Because the Housing Authority is a public body corporate and politic, it is not eligible to access financing available to private developers.

Operation of the Site is not financially viable unless funding is available to address the capital needs. Therefore, in order to preserve the eight affordable units, the Housing Authority intends to sell the Site to Willowbrook Townhomes LLC. The Los Angeles County Housing Development Corporation (LACHDC) will be the sole member and manager of Willowbrook Townhomes LLC. Ownership by Willowbrook Townhomes LLC will enable the Site to receive HOME funds, Section 8 vouchers, and other financing which will sustain long-term affordability and viability. The Housing Authority will sell the Site for its current appraised fair market value of \$1,165,000.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund. The total project costs are approximately \$1,861,678 to be funded with a HOME loan which will be presented to the Board of Commissioners of the Community Development Commission for approval. The Site will be sold for its appraised value of \$1,165,000. The \$696,678 balance of the HOME loan will be used to fund a short term operating reserve and rehabilitation of the Site. The loan will be evidenced by a promissory note and secured by a deed of trust, with the term of affordability enforced by a recorded Covenants, Conditions and Restrictions document, following approval as to form by County Counsel.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The LACHDC is a nonprofit public benefit corporation established in 1989. The LACHDC's purpose is to provide services to assist local governments in meeting their legal obligations for affordable housing. The LACHDC has been very successful in preserving affordability through financial restructuring of a number of affordable housing projects.

The LACHDC specializes in smaller housing sites. The Site will be managed in tandem with the other LACHDC properties at, 2200, 2242 and 2346 East El Segundo Boulevard, in unincorporated Willowbrook, in order to obtain economies of scale.

The sale of the Site will allow for much needed rehabilitation, including interior unit painting, kitchen and bath upgrades, which may include new cabinetry, counter tops and plumbing fixtures. Security cameras and perimeter fencing will also be included. Sustainability measures will also be incorporated wherever possible.

On April 23, 2014, the Housing Commission recommended approval of the disposition.

ENVIRONMENTAL DOCUMENTATION

Pursuant to 24 Code of Federal Regulation, Part 58, Section 58.35 (a)(5) and (a) (3)(ii), this project is excluded from the National Environmental Policy Act because it involves activities that will not alter existing environmental conditions. It is categorically exempt from the provisions of CEQA. The project (sale of the Site to a private developer and rehabilitation which will include interior unit painting, kitchen and bath upgrades, new cabinetry, counter tops, plumbing fixtures, security cameras, and perimeter fencing, and all other associated work) is within a class of projects that have been determined not to have a significant effect on the environment in that it meets the criteria set forth in Section 15301 of the CEQA Guidelines and Class 1 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G. In addition, the project is not in a sensitive environment, and there are no cumulative impacts, unusual circumstances, or other limiting factors that would make the exemption inapplicable based on the project records.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

This action will preserve much needed affordable housing for low-income households in unincorporated Willowbrook.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN

Executive Director

SR:CC:cr